



TECHNICAL ADVISORY

Amendment to the GCT Threshold

Effective *January 1, 2009* the GCT threshold increased from \$1,000,000 to \$3,000,000 per annum.

Threshold:

Although the GCT Act does not specifically define “**threshold**” it is the minimum gross sales required of any person engaged in a taxable activity (including exempt goods and services), to qualify to be registered as a **registered taxpayer**. As at January 1, 2009 the threshold value is **\$3,000,000** per annum or an average of **\$250,000** per month.

Who is required to register?

All persons engaged in a taxable activity are required to apply for registration under the GCT Act.

What is a Taxable Activity?

The GCT Act defines a taxable activity as any activity carried on in the “form of a business, trade, profession, vocation, association or club, which is carried on continuously or regularly by any person whether or not for a pecuniary profit, and involves, or is intended to involve, the sale/supply of goods and services in Jamaica, to any other person for a consideration”. For example persons who operate grocery shops, supermarkets, and motor car dealers are all conducting a taxable activity.

Who is a Registered Taxpayer?

A person, whose gross value of supplies in the month of application and the eleven months immediately preceding the making of the application is not less than \$3,000,000 or whose average monthly value of supplies in respect of a period less than 12 months, is not less than \$250,000, will be registered as a Registered Taxpayer.



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Who is a Registered Person?

A person, whose gross value of supplies in the month of application and the eleven months immediately preceding the making of the application is less than \$3,000,000 or whose average monthly value of supplies in respect of a period of less than 12 months, is less than \$250,000 will be registered as a Registered Person.

Status of Registered Taxpayers whose total supplies are less than \$3M as at January 1, 2009

Persons who are currently registered as registered taxpayers and whose gross supplies are less than \$3,000,000 for the twelve month period ending December 31, 2008, may apply for their status to be changed to a registered person.

Please note the following:

- 1) Any goods forming part of the assets on hand at the time of the change of status are deemed to be supplied.
- 2) GCT is due and payable on value of those goods held at the time immediately before the change of status.
- 3) The taxable value shall be the cost incurred in purchasing those goods.

Effect of the change of status of a Registered Taxpayer:

For the purpose of this Advisory, “**change of status**”, means a change of registration status from a registered taxpayer to a registered person.

When the process is completed the registered person **MUST NOT:**

- Issue a tax invoice;
- Charge and collect tax;
- File GCT returns;
- Display a GCT certificate of Registration



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Additionally,

The registered person will not be able to claim a tax credit or refund of GCT paid on goods and services purchased for his business.

The tax paid will have to be treated as part of his business cost and be included as part of the cost of goods or services.

Note however, if the registered person subsequently qualifies to be registered as a registered taxpayer that is, the gross annual supplies exceed \$3M, he should notify the Commissioner within twenty one (21) days of the date on which he becomes so qualified.

Procedure for change of status from registered taxpayer to registered person:

- a) An application should be made by the taxpayer pursuant to Section 32 of the GCT Act;
- b) A final return should be filed, including the tax which is applicable to the goods and other taxable assets on hand at the time of the change of status;
- c) The original Certificate of Registration must be returned before the taxpayer's status can be changed
- d) The Commissioner shall notify the taxpayer that he will cancel the registration and state the effective date.

NB: The taxpayer may object in writing to the Commissioner's decision to change his status. The objection will be processed and the taxpayer notified of the Commissioner's decision.



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e) The change of status does not preclude the collection of tax which is owed by the taxpayer neither does it mean that audits will not be conducted for the periods during which the registered person was a registered taxpayer.

g) All records are to be kept for six (6) years as the taxpayer maybe selected for an audit.

h) On the completion of the change of status process a Notice of Registration will be issued by the Taxpayer Audit & Assessment Department (TAAD).

NB:

Taxpayers who fail to return the Certificate of Registration commits an offence under the GCT Act and is liable on summary conviction in a Resident Magistrate Court to a fine or imprisonment or both.